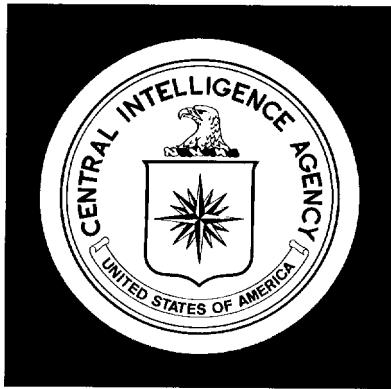


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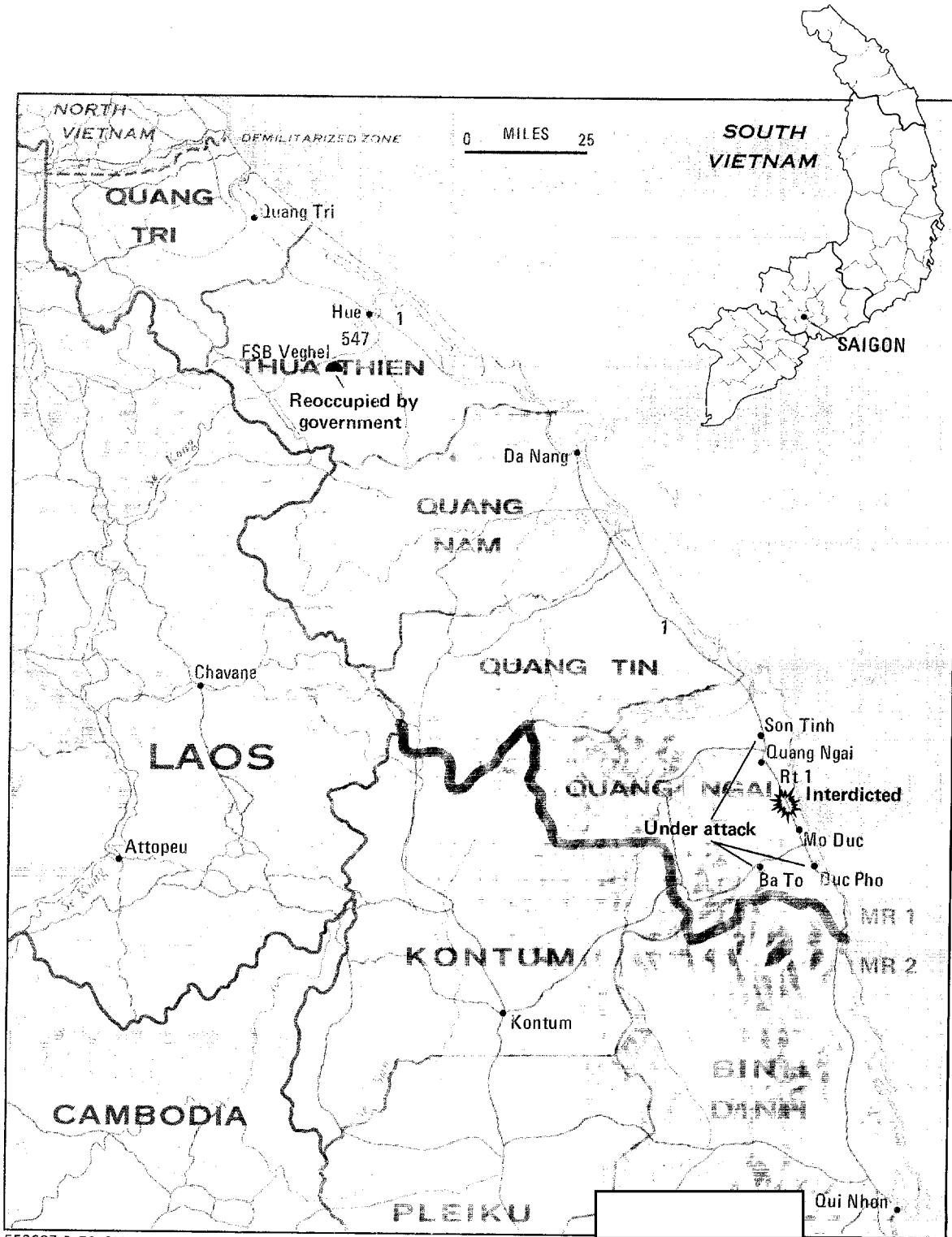
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VIETNAM: Communist forces in Quang Ngai Province continued to press their attacks against government troops in four of the five districts. Son Tinh district town just north of the provincial capital came under attack, but local security forces so far have held the town. The enemy interdicted Route 1 between the Song Ve River and Mo Duc town, and the government is having trouble getting supplies and reinforcements into that district capital. Enemy units also have pushed Ranger forces out of most of their camp at Ba To, but some parts of the town reportedly are still in friendly hands. The district capital of Duc Pho also came under heavy Communist attack.

In Thua Thien Province, government forces continue their push west of Hue along Route 547. South Vietnamese 1st Division troops reoccupied Fire Support Base Veghel on 19 September and have now expanded their control west of Hue to include all the major artillery bases and outposts guarding the western approach to the city.

The action around Quang Tri City also slackened somewhat as South Vietnamese troops continue to expand their control over the city's northern and southern sectors.

In the Mekong Delta, enemy military action is still heavy. Most of the attacks occurred in Chau Doc, Kien Giang, and Chuong Thien provinces in the southern end of the delta, and in Kien Hoa and Dinh Tuong farther north, where recently infiltrated troops are attacking outposts and isolated settlements near their base camps.

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CSCE-MBFR: The NATO allies view the Soviet proposal for the timing of CSCE and MBFR as generally reasonable.

Moscow proposed, in a note handed Dr. Kissinger last week, that preparatory talks for a Conference on Security and Cooperation in Europe begin in Helsinki on 22 November and that the conference itself begin next June. The Soviets further offered to begin exploratory talks on mutual and balanced force reductions in late January--in a city other than Helsinki--with formal negotiations to begin by next fall.

The allies, with the exception of France, believe that the Soviet timetable gives them the opportunity to ensure that CSCE preparations and MBFR explorations overlap to provide a degree of parallelism. They are not prepared, however, to commit themselves to specific dates for either the high-level CSCE or MBFR negotiations until they can analyze the progress of the initial talks. Most of the allies believe that an early and specific response should be made to Moscow. They also feel that the Soviet note makes it unnecessary for the NATO deputy foreign ministers to meet in October, as the US has been urging.

Although the Soviet note opens the way to both CSCE and MBFR discussions, it nonetheless leaves a number of questions unanswered. For example, although the French are pleased that CSCE preparations will start in November, Paris is worried that the Soviet formula either presumes a shorter CSCE than they would like or would result in the CSCE overlapping with MBFR negotiations--which they oppose. The other allies are troubled because the Soviet note specifies that MBFR explorations should cover only procedural matters, and they will insist in responding to Moscow that explorations cover substantive issues as well.

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Moscow also repeated its standard opposition to bloc-to-bloc negotiations, whereas most of the allies want to protect their interests by presenting a unified Western front during MBFR negotiations. The allies agree, for the sake of unity, that the desires of the NATO countries on the flanks to participate in MBFR should be accommodated. The US has so far not agreed to this, and the feeling in NATO is that this issue must be resolved before the allies can respond to Moscow's note.

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USSR-IRAQ: President al-Bakr's visit to Moscow consolidated Soviet-Iraqi relations and provided Moscow with an opportunity to reaffirm its support for the Arab states despite the Soviet setback in Egypt.

Iraq's economic difficulties and Soviet military aid to Baghdad probably were the main items on the agenda. The communiqué at the end of the six-day visit contained only vague promises of continued Soviet support, including "measures for further reinforcement of the defense potential of Iraq." In

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The steady stream of Iraqi dignitaries to Moscow in recent months has put the Soviet-Iraqi relationship on a more solid footing. Both sides, however, are aware of the pitfalls in the relationship.

For example, the Iraqis recently told [redacted] that they are on guard against a too assertive Soviet influence. Moscow obviously believes that Iraq is a fertile area for establishing Soviet influence, but its commitment will be cautious following the expulsion from Egypt. Moscow also is cultivating Iran and must be careful not to offend Iraq's rivals in Tehran.

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Moscow made every effort during the al-Bakr visit to polish its image as champion of the Arab cause. Still smarting from critical Egyptian press commentary, Soviet President Podgorny in a speech at a Kremlin reception rejected accusations that the USSR has a special interest in maintaining a "no peace, no war" situation in the Middle East. The communiqué was replete with pro-Arab statements,

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including a joint pledge of continued "material, moral, and political support" for the Palestinian guerrillas. It also denounced Israeli military action but stopped short of threatening reprisals.

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BRAZIL: The further tightening of controls on the press seems to reflect President Medici's determination to postpone dealing with the sensitive issue of choosing his successor.

On 15 September, federal police censors issued a nationwide order to all media prohibiting publication of any news items, commentary, interviews, or criticisms concerning the succession, political liberalization, the possible restoration of political rights to people who have lost them, or the economic situation. Subsequently, the government added censorship itself to the list of banned topics.

The new restrictions drew an immediate and vehement response from the owners of O Estado de São Paulo, Brazil's most prestigious newspaper, who accused the authorities of bringing Brazil down to the level of a "banana republic" by resorting to authoritarian measures. One of the owners declared that politically Brazil had gone steadily downhill since 1967, the end of the term of retired Marshal Castello Branco, the first of the army officers to serve as president after the 1964 "revolution." At least two newspapers that tried to publish the charges made by the O Estado officials were prevented from doing so when police confiscated all the editions.

The Medici regime appears convinced that O Estado is participating in a campaign to force the President into immediately naming retired General Ernesto Geisel as the man who will succeed him in 1974. This belief is largely based on O Estado's unfavorable comparison of the political actions of the Medici regime with the liberalization policies that Castello Branco apparently hoped his successors would carry out. Ernesto Geisel was one of Castello Branco's key advisers, and O Estado, as well as numerous civilian politicians, believe he would give

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men outside of the military a somewhat larger role in running the country. Many of these people would support anyone who might represent a change from the Medici system, and they fear that unless they act now it may be too late.

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The owners of O Estado and other media officials are almost certain to make at least cautious reference to this issue at the meeting of the Inter-American Press Association scheduled to open on 9 October in Santiago, Chile.

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NORWAY: Pro-market forces have narrowed the gap on the eve of Norway's referendum on entering the EC, but the odds are still against their winning.

The latest Gallup poll shows 46 percent opposed, 42 percent for, and 12 percent undecided. Even if the vote on 24-25 September is favorable, the margin may be too small to influence parliament, which must ratify entry by a three fourths majority. Pro-EC forces reportedly are considering a move to pare down the three fourths requirement to two thirds, a ploy that would require an intervening election and push back ratification until the late fall of 1973.

The minority Labor government has threatened to resign if the vote goes against membership. The constitution has no provision for new elections if the government does fall. Prime Minister Bratteli is counting on Norwegian distaste for an interim government--which would remain in office until regularly scheduled elections in the fall of 1973--to swell the pro-EC vote.

Politicians in all parties have been considering what can be done about a government if the vote goes against membership. No consensus has developed. The EC opponents in the parties of the last coalition--Conservative, Center, Liberal, and Christian Peoples--would prefer Labor to remain in office. But this appears out of the question; Bratteli has rejected even a subsequent Labor government under new leaders. One of the Liberals' most vocal opponents of EC entry has proposed an all-party coalition to govern until the elections. However, the Conservatives, the largest and most pro-EC of the opposition parties, claim they will not join any coalition if Labor resigns. Until these matters are straightened out, Norway cannot decide what course of action it should pursue if EC membership is rejected.

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Pro-EC leaders are still predicting a victory, some by as much as 65 percent. They are counting on Scandinavian pragmatism to carry the day. If the electorate should vote yes in the referendum, parliament would cast its binding vote in about two weeks. If the referendum is defeated, the more likely outcome, the government probably would not submit the question to parliament. [redacted]

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COSTA RICA - COMMON MARKET: Growing pessimism over the future of the Common Market has led Costa Rica to consider other alternatives. Costa Rica, which in effect removed itself from the market's free trade area early this month by adopting protectionist trade measures, insists that certain basic inequities in the Market's structure have to be resolved before it resumes its role. Numerous attempts to effect even a temporary solution have failed and Costa Rica reportedly is now considering a system of bilateral agreements with third countries. Similarly, a move to allow raw materials from non-Market countries to enter duty free suggests that Costa Rica is more intransigent than the other Market members had expected. Costa Rica's actions may be aimed at extracting greater concessions from its trading partners, but more likely it is digging in for a long pull in the face of protracted regional problems.

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JAPAN - SOUTH KOREA: The two countries will begin talks early next month on possible joint exploration of contested offshore oil exploration zones in the East China Sea near Cheju Island. Interest in the area remains high because of potentially lucrative oil resources believed to exist there, but little work has been done because of the conflicting claims. Although Seoul has denied press reports that agreement in principle has already been reached, it believes early resolution of this problem may be possible now. Korea's willingness to discuss solutions to the problem may have been stimulated in part by an increase in Japanese aid agreed to at the ministerial talks.

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ICELAND: The government has rejected a West German - UK invitation for tripartite negotiations concerning the fishing issue. Neither Bonn nor London expected Reykjavik to accept the offer, which resulted from negotiations between West Germany and the UK aimed at developing a common position vis-a-vis Iceland. In its response Reykjavik reiterated the desire to resume bilateral negotiations with both capitals but claimed next week would be "inconvenient"; Foreign Minister Agustsson will be at the UN and he probably fears that in his absence leftist Fisheries Minister Josefsson would attempt to make the talks more difficult.

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